

First Quarter 2020 Financial Results

MILAN – May 12th, 2020

Prysmian
Group

Linking
the Future

Agenda



Q1 2020 Highlights

Group overview
COVID-19
Outlook

Financial Results

Appendix

First quarter 2020 Highlights

Organic sales growth
-5.4%

Organic sales at -5.4%, mainly driven by:

- Sharp decline as expected in **Telecom** (-19%), also affected by tough comp with Q1 2019
- Weak trend in **E&I** (-3.4%) mainly driven by **T&I** (-6.6%) from 2nd week on March (COVID-related), after a solid start of the year
- Strong performance of **North America** (+3.6%) mainly driven by **PD**

Adj. EBITDA
197 €M

Adj. EBITDA at 197 €M (7.6% of sales) vs 231 €M in 2019 (8.3% of sales), mainly driven by:

- **Energy**: overall stable **E&I** with a positive performance in **PD** offset by **T&I**
- **Projects**: stable profitability in **Underground High Voltage** and **Submarine**. Declining results in Surf (Oil&Gas driven) and Submarine Telecom
- **Telecom**: decline as expected reflecting lower volume and price pressure, partially offset by cost efficiency. Sharp drop of YOFC Q1 results due to COVID-19 impact

Net Financial Debt
2,606 €M

Net Financial Debt at 2,606 €M in line with expectations and business seasonality. Sound cash generation confirmed: LTM Free Cash Flow at **538 €M** improving from 433 €M in FY 2019

German Corridors

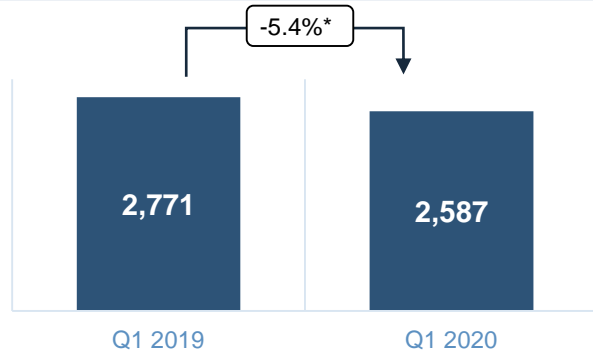
Prysmian already awarded more than **1 billion €** in German Corridors projects: over **500 €M** for **SuedOstLink (50% of the project)** and over **500 M€** for **A-Nord (50% of the project)**

2020 outlook

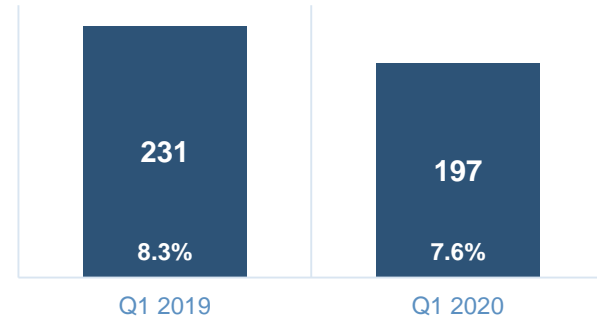
2020 guidance announced on the 5th of March withdrawn, on the back of high level of uncertainty, lack of visibility on the duration of the pandemic and on the speed of the demand recovery

Financial Highlights | Euro Millions, % on Sales

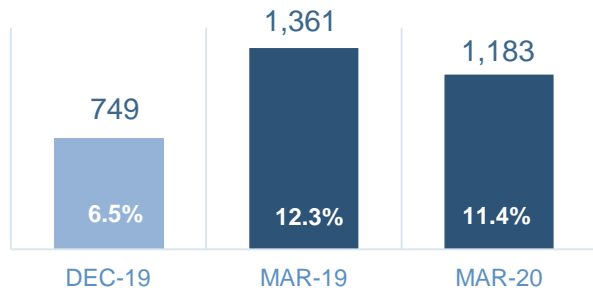
Sales ⁽³⁾



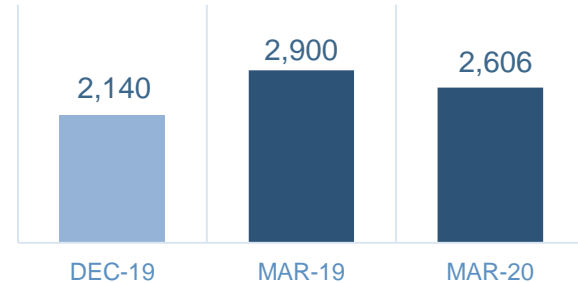
Adjusted EBITDA ⁽¹⁾



Reported Operative Net Working Capital ⁽²⁾⁽³⁾



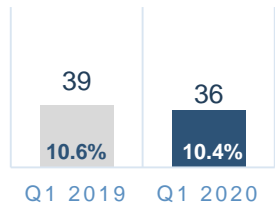
Reported Net Financial Debt



Sales & Adj. EBITDA by Business | Euro Millions, % on Sales,

Projects

347 **-5.5%**



HIGHLIGHTS

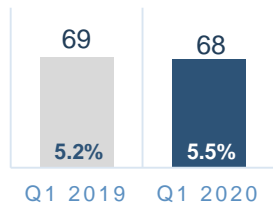
- Organic decline mainly driven by Surf and Submarine Telecom
- COVID constraints expected to affect production output and HV installation mainly in Q2
- Solid tendering activity ongoing

Energy

1,888 **-2.4%**

E&I

1,239 **-3.4%**

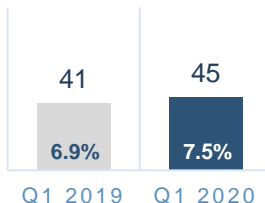


HIGHLIGHTS

- Organic decline mainly driven by T&I, in South Europe and LATAM, partially offset by PD (North America) and Overhead Lines
- Improved profitability in PD driven by North America, offset by the decline in T&I strongly impacted by COVID

Industrial & NWC

598 **-0.3%**

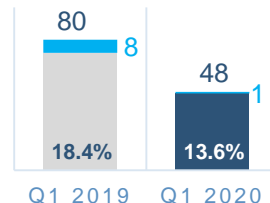


HIGHLIGHTS

- Improved profitability, with mixed trend across businesses and regions
- Resilient OEM and still unaffected Automotive in Q1

Telecom

352 **-19.0%**



HIGHLIGHTS

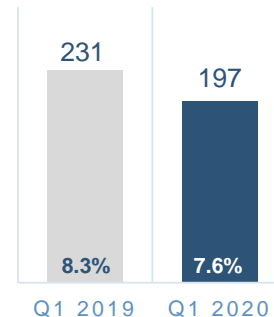
- Material drop as expected, due to lower volume and price pressure, partially offset by cost efficiency
- Sharp drop of YOFC Q1 results due to COVID-19 impact

TOTAL

2,587 **-5.4%**

Sales

Adj. Ebitda



- Organic growth
- YOFC contribution

Energy Transition | Focus on German HV projects

**2 projects
already
awarded**



Prysmian already awarded more than 1 billion euro in German Corridors projects

SuedOstLink

1,100 km cable
5 lots

- **Client:** TenneT TSO GmbH
- **Type of cable:** 525 kV extruded
- **Completion date:** early 2026



**Prysmian awarded
€500 million
contract;
~50% of project**

A-Nord

1,280 km cable
4 lots

- **Client:** AMPRION GmbH
- **Type of cable:** 525 kV extruded
- **Completion date:** Q2 2028



**Prysmian awarded
€500 million
contract;
50% of project**

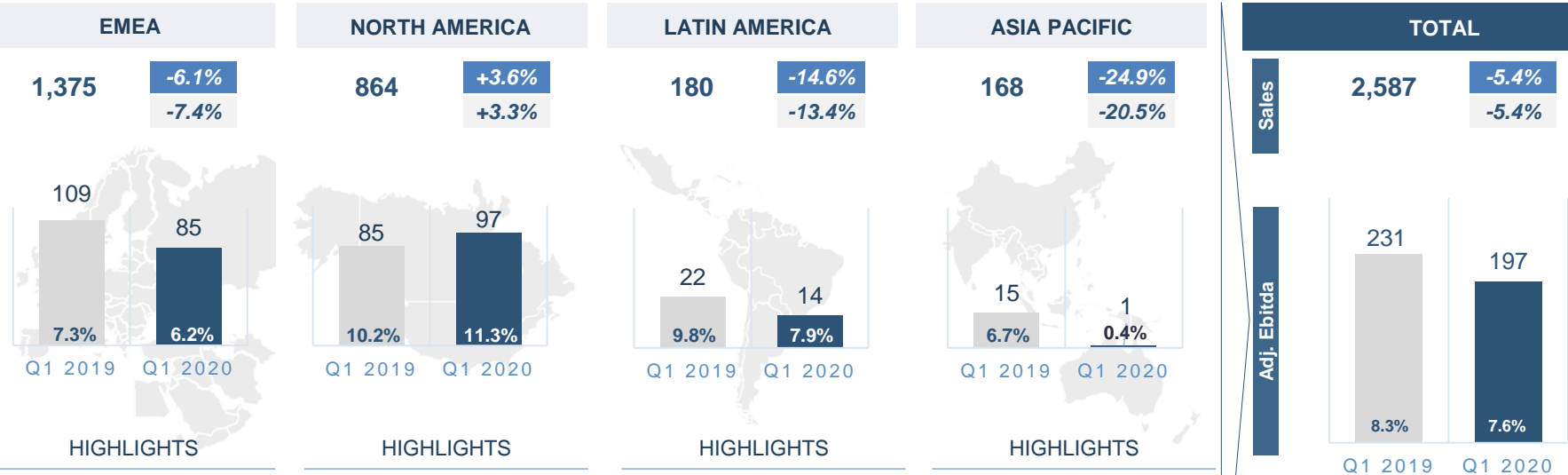
SuedLink

2,750 km cable
4 lots

- **Client:** TenneT TSO GmbH & TransnetBW GmbH
- **Type of cable:** 525 kV extruded
- **Completion date:** 2H 2026

**Expected to be
awarded within
summer**

Sales & Adj. EBITDA by Geography | Euro Millions, % on Sales



HIGHLIGHTS

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HIGHLIGHTS

- Weak performance mainly driven by South Europe and the UK. Telecom and E&I the weakest businesses

- Strong growth driven by Energy, in particular PD (driven by wind projects) and Industrial
- Margins supported by business mix and effective integration

- Weak performance due to T&I and Telecom

- Q1 COVID impact in China affecting volume and results especially YOFC
- Slowdown of PD and HV business in Indonesia

■ Organic growth
■ Organic growth excluding Projects segment

Agenda



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COVID-19
Outlook

Financial Results

Appendix

Protecting Value and Improving resilience in a challenging environment

Prysmian has implemented the highest Safety and Monitoring standard and Mitigation Actions to manage and control the development of COVID-19



Safeguard Group employees:

- Preserving permanent employment
- Quick implementation of extraordinary and specific sanitary and hygienic procedures across all sites
- As of today 42 employees tested positive out of 29,000 total
- Remote working fully enabled 2/3 weeks prior to country lockdown
- Supplying 600,000 masks to factories each month



Preserve profitability and cash flow:

- G&A cost containment (-40% on travel; -5/-10% on other fixed costs;)
- Employee measures (HC freeze, salary freeze, travel ban, usage of vacation)
- Temporary lay-off and government furlough
- Rigorous working capital management
- Cutting and postponing Capex



Support operations:

- Responsive Supply Chain Management with daily tracking of operations
- Strong focus on customers support
- Top 150 suppliers daily monitor

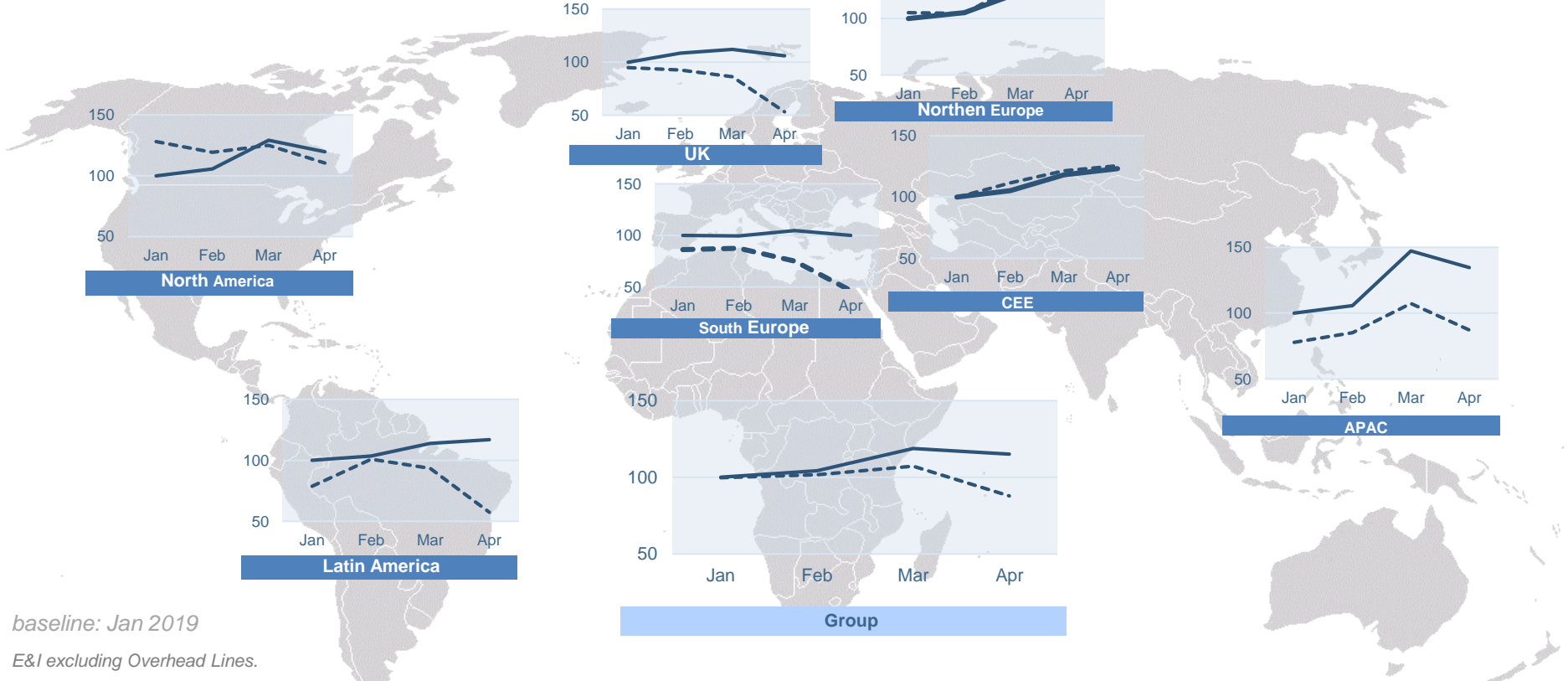


Supporting local communities:

- Donations of cables for the construction of Covid-19 hospitals in Italy, China, UK, Brazil
- Donations of protective equipment and medical materials to hospitals in Spain, France, Australia, Romania, Hungary, USA
- Donations by the company and employees to support hospitals and communities

E&I Trading update | Monthly Volume Evolution

— 2019
- - - 2020



baseline: Jan 2019

E&I excluding Overhead Lines.

Agenda

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COVID-19
Outlook

Financial Results

Appendix

Looking Ahead

Enter the pandemic with strong fundamentals (business and geographical mix, strong balance sheet, responsive supply chain, lean organization)

Growth secular drivers unaffected (Energy Transition, Telecommunication Network, Electrification)

Prepared for a challenging Q2

Proven capability and commitment to preserve profitability and cash generation (cost cutting, working capital management, capex spending)

Agenda

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COVID-19
Outlook

Financial Results

Appendix

Profit and Loss Statement | Euro Millions

	Q1 2020	Q1 2019
SALES	2,587	2,771
<i>YoY total growth combined</i>	<i>(6.6%)</i>	
<i>YoY organic growth</i>	<i>(5.4%)</i>	
Adj.EBITDA	197	231
<i>% on sales</i>	<i>7.6%</i>	<i>8.3%</i>
<i>of which share of net income</i>	<i>1</i>	<i>8</i>
Adjustments	(14)	(11)
EBITDA	183	220
<i>% on sales</i>	<i>7.1%</i>	<i>7.9%</i>
Adj.EBIT	117	155
<i>% on sales</i>	<i>4.5%</i>	<i>5.6%</i>
Adjustments	(14)	(11)
Special items	(45)	16
EBIT	58	160
<i>% on sales</i>	<i>2.2%</i>	<i>5.8%</i>
Financial charges	(27)	(38)
EBT	31	122
<i>% on sales</i>	<i>1.2%</i>	<i>4.4%</i>
Taxes	(11)	(33)
<i>% on EBT</i>	<i>35.5%</i>	<i>27.0%</i>
NET INCOME	20	89
<i>% on sales</i>	<i>0.8%</i>	<i>3.2%</i>
Minorities	(3)	1
GROUP NET INCOME	23	88
<i>% on sales</i>	<i>0.9%</i>	<i>3.2%</i>

Adj. EBITDA Bridge	
	Q1
ADJ. EBITDA 2019	231
Projects	(3)
Energy	1
Telecom (ex-YOFC)	(25)
YOFC	(7)
ADJ. EBITDA 2020	197

Adjustments and Special Items on EBIT		
	Q1 2020	Q1 2019
Restructuring	(6)	(4)
Other Non-operating Income / (Expenses)	(8)	(7)
EBITDA adjustments	(14)	(11)
Special items	(45)	16
Gain/(loss) on metal derivatives	(36)	17
Other	(9)	(1)
EBIT adjustments	(59)	5

Profit and Loss Statement | Euro Millions

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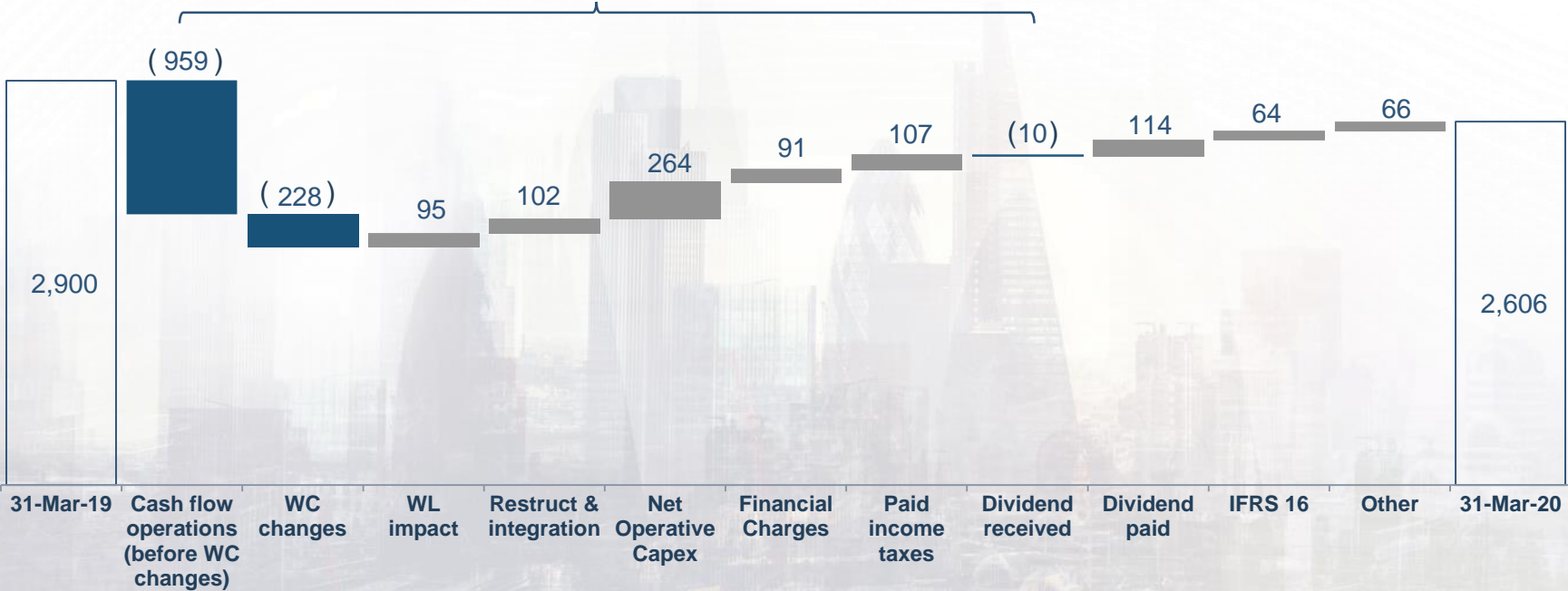
Financial Charges		
	Q1 2020	Q1 2019
Net interest expenses	(23)	(22)
<i>of which non-cash conv.bond interest exp.</i>	<i>(2)</i>	<i>(2)</i>
Financial costs IFRS 16	(1)	(1)
Bank fees amortization	(1)	(1)
Gain/(loss) on exchange rates	(12)	(12)
Gain/(loss) on derivatives	11	5
Non recurring effects	(1)	(1)
Other non operating financial income	1	-
Monetary adjustment on provisions	(1)	(2)
Impact Hyperinflationary economies	-	(4)
Net financial charges	(27)	(38)

Statement of financial position (Balance Sheet) | Euro Millions

	31 Mar 2020	31 Mar 2019 ⁽³⁾	31 Dec 2019
Net fixed assets	5,258	5,286	5,301
of which: goodwill	1,612	1,589	1,590
Net working capital	1,122	1,367	755
of which: derivatives assets/(liabilities)	(61)	6	6
of which: Operative Net working capital	1,183	1,361	749
Provisions & deferred taxes	(737)	(742)	(820)
Net Capital Employed	5,643	5,911	5,236
Employee provisions	487	467	494
Shareholders' equity	2,550	2,544	2,602
of which: attributable to minority interest	180	188	187
Net financial debt	2,606	2,900	2,140
Total Financing and Equity	5,643	5,911	5,236

Net debt evolution LTM

+538 €M Free Cash Flow



Prysmian Group Liquidity and Debt Profile

COMFORTABLE LIQUIDITY POSITION:

- Cash on balance at March end in excess of 600 €M plus 1 €Bn of committed Revolving Credit Facility fully unutilized and 400 €M of uncommitted credit lines
- Average debt maturity of 3.1 years with no refinancing needs before 2022

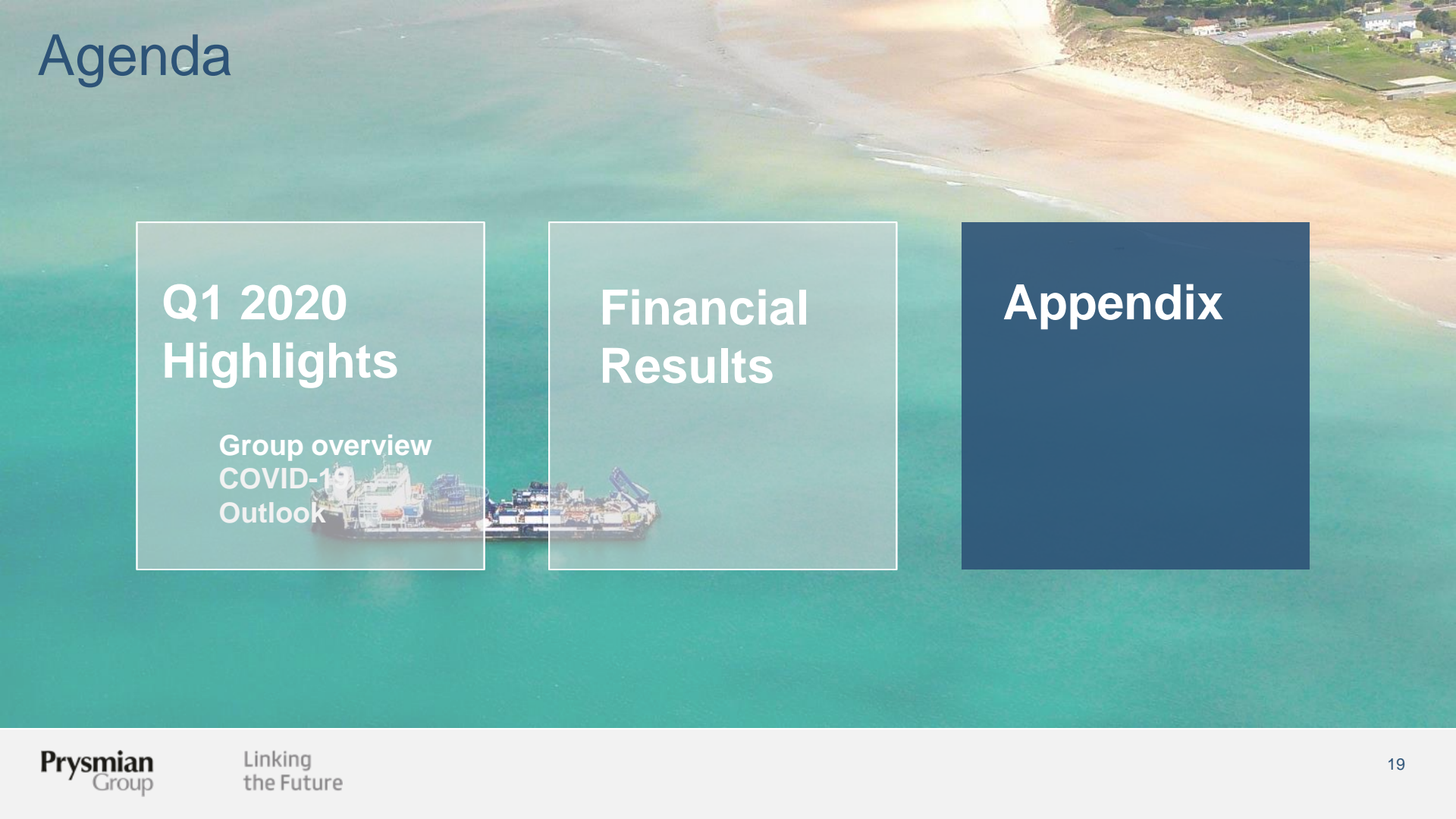
NET DEBT STRUCTURE

<i>in millions of Euro</i>	31 March 2020
Long-term financial payables	2,917
Short-term finance payables	214
Financial leases as per IFRS 16	155
Total financial liabilities	3,286
Cash and cash equivalents	(632)
Other financial assets	(48)
Total Financing and Equity	(680)
Net financial debt	2,606

FINANCIAL DEBT MATURITY PROFILE ⁽¹⁾



Agenda



Q1 2020 Highlights

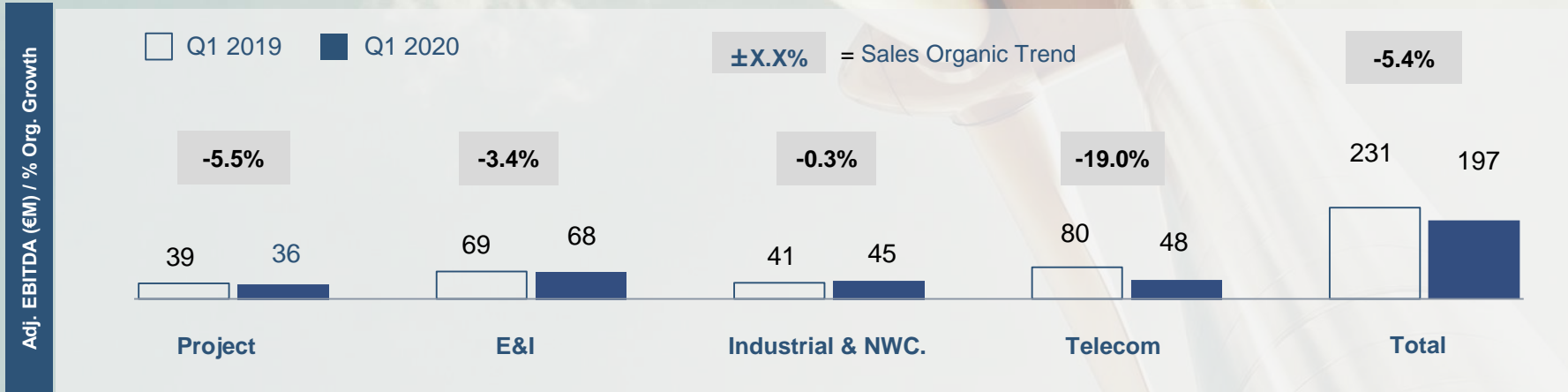
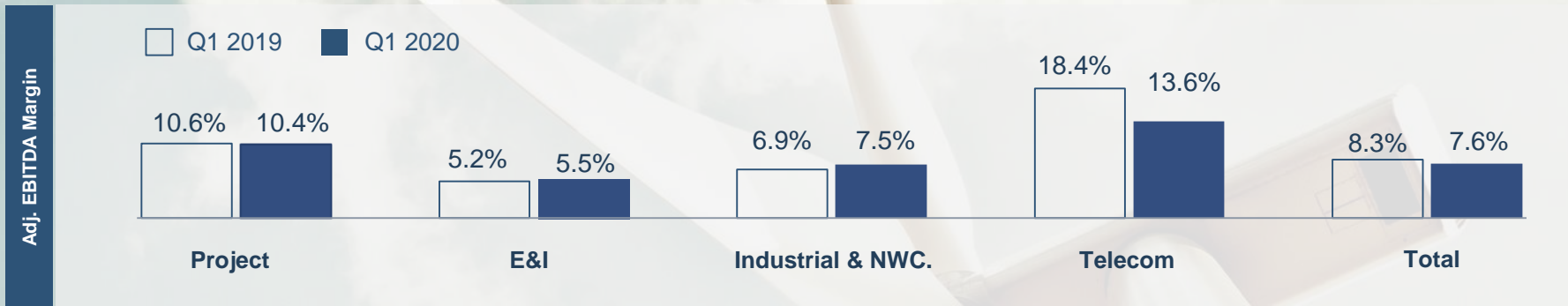
Group overview
COVID-19
Outlook



Financial Results

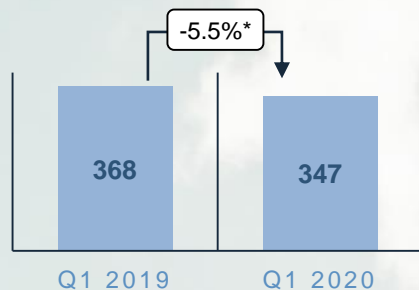
Appendix

Performance by Segment | Euro Millions, % on Sales



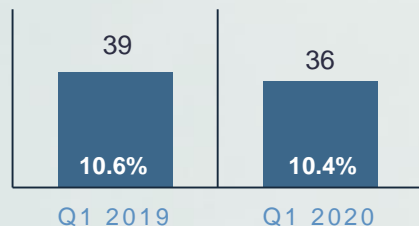
Projects | Euro Millions, % on Sales

SALES



* Org. Growth.

Adj. EBITDA / % of Sales ⁽⁴⁾



HIGHLIGHTS

SUBMARINE

- Stable results
- Business ongoing as expected, no interruption related to COVID-19
- Tendering activity ongoing, with a solid pipeline of projects (interconnections and off-shore wind farms)

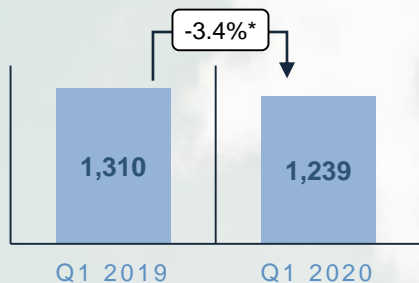
UNDERGROUND HIGH VOLTAGE

- Negative organic growth driven by APAC
- Prysmian already awarded more than 1 billion in German Corridors projects: over 500 €M for Suedostlink and 500 €M for A-Nord
- Operational restrictions (plant closures) and absenteeism delaying execution

ORDERS BACKLOG EVOLUTION (€M)

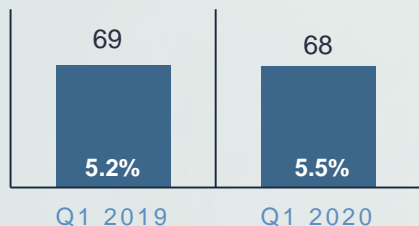
	Dec '13	Dec '14	Dec '15	Dec '16	Dec '17	Dec'18*	Dec '19*	Mar '20*
Underground HV	~450	~450	~600	~350	~400	~435	~310	~320
Submarine	~2,050	~2,350	~2,600	~2,050	~2,050	~1,465	~1,730	~1,550
Group	~2,500	~2,800	~3,200	~2,400	~2,450	~1,900	~2,040	~1,870

SALES ⁽⁵⁾



* Org. Growth

Adj. EBITDA / % of Sales ⁽⁵⁾



HIGHLIGHTS

TRADE & INSTALLERS

- Negative performance driven by EMEA (South Europe) and APAC
- COVID-19 impact starting from 2nd week of March

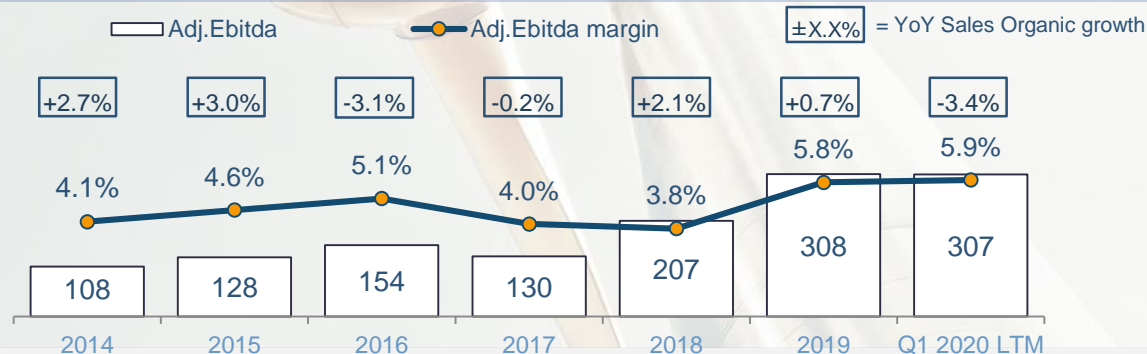
POWER DISTRIBUTION

- Volume stable, positively impacted by North America trend
- Improvement in profitability thanks to geographical mix and operational efficiency

OVERHEAD

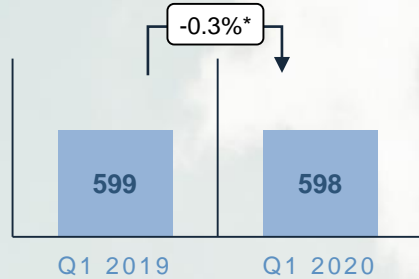
- Sound organic growth in Latin America
- Stable North America

ADJ. EBITDA AND % SALES



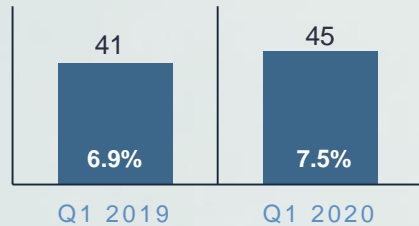
Industrial & Network Components | Euro Millions, % on Sales

SALES ⁽⁵⁾



* Org. Growth

Adj. EBITDA / % of Sales ⁽⁵⁾



HIGHLIGHTS

SPECIALTIES, OEM & RENEWABLES

- Negative trend in Mining, Solar, Infrastructure and Renewables due to COVID-19, partially offset by Railways and OEM helped by current backlog

ELEVATOR

- Negative organic growth driven by APAC.
- North America improvement continued in Q1

AUTOMOTIVE

- Still stable Q1, with worsening trend also due by COVID-19 crisis
- Adj. EBITDA improvement driven by North America

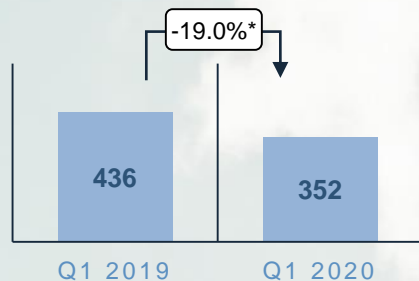
OIL & GAS

- Business benefitting in Q1 from order backlog

NETWORK COMPONENTS

- Stable trend

SALES



* Org. Growth.

HIGHLIGHTS

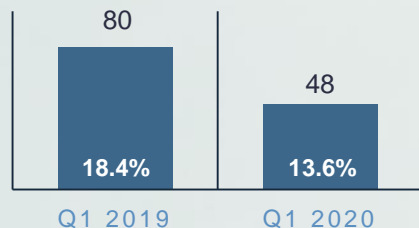
OPTICAL CABLE & FIBRE

- Material drop as expected, driven by lower volume and price pressure, partially offset by cost efficiency.
- Sharp drop of YOFC Q1 results due to COVID-19 impact

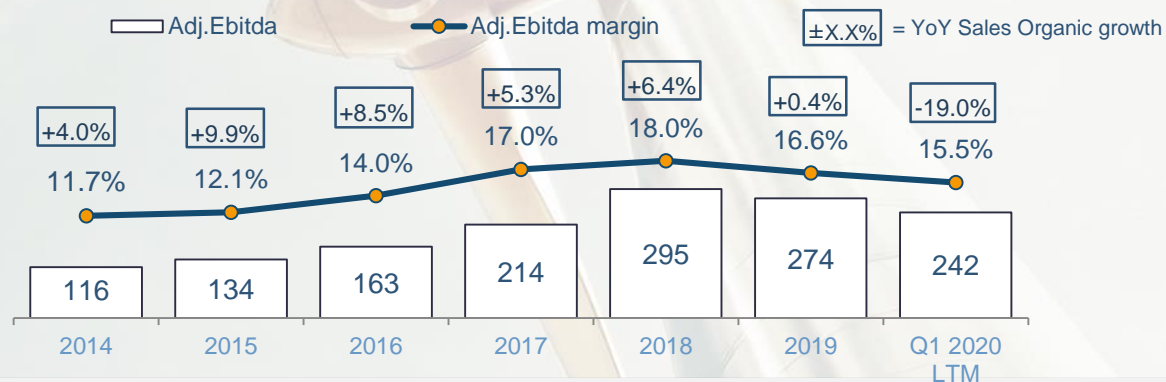
MMS

- Solid performance in Q1, slowdown expected in Q2 reflecting COVID-19 crisis

Adj. EBITDA / % of Sales



ADJ.EBITDA AND % SALES



Cash Flow Statement | Euro Millions

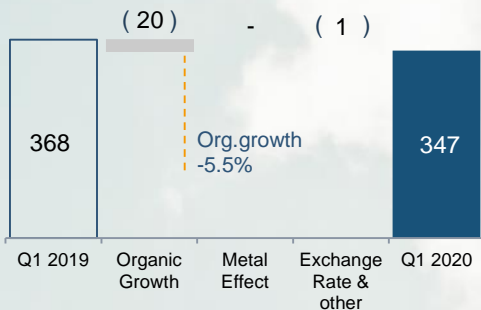
	31 Mar 2020	31 Mar 2019	12 Months (from 1/4/2019 to 31/3/2020)
Adj.EBITDA	197	231	973
Adjustments	(14)	(11)	(103)
EBITDA	183	220	870
Net Change in provisions & others	(44)	(26)	(91)
Share of income from investments in op.activities	(1)	(8)	(17)
Cash flow from operations (before WC changes)	138	186	762
Working Capital changes	(473)	(634)	228
Dividends received	2	1	10
Paid Income Taxes	(15)	(19)	(107)
Cash flow from operations	(348)	(466)	893
Acquisitions/Disposals	-	-	(7)
Net Operative CAPEX	(52)	(36)	(264)
Free Cash Flow (unlevered)	(400)	(502)	622
Financial charges	(9)	(12)	(91)
Free Cash Flow (levered)	(409)	(514)	531
<i>Free Cash Flow (levered) excl. Acquisitions & Disposals</i>	<i>(409)</i>	<i>(514)</i>	<i>538</i>
Dividends	-	(5)	(114)
Capital increase, Shares buy-back & other equity movements	-	-	2
Net Cash Flow	(409)	(519)	419
Net Financial Debt beginning of the period	(2,140)	(2,222)	(2,900)
Net cash flow	(409)	(519)	419
NFD increase due to IFRS16	-	(147)	(64)
Other variations	(57)	(12)	(61)
Net Financial Debt end of the period	(2,606)	(2,900)	(2,606)

Financial Highlights | Euro Millions

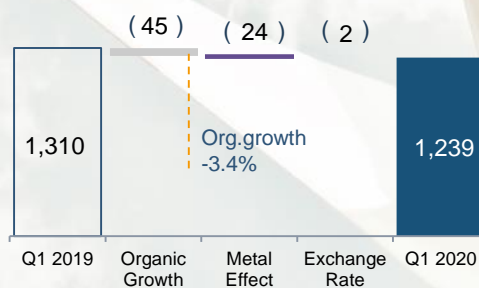
	Sales			Adj.EBITDA			
	Q1 2020		Q1 2019	Q1 2020		Q1 2019	
	€M	organic growth	€M	€M	Adj.EBITDA Margin	€M	Adj.EBITDA Margin
PROJECTS	347	-5.5%	368	36	10.4%	39	10.6%
Energy & Infrastructure	1,239	-3.4%	1,310	68	5.5%	69	5.2%
Industrial & Network Components	598	-0.3%	599	45	7.5%	41	6.9%
Other	51	0.0%	58	-		2	3.2%
ENERGY	1,888	-2.4%	1,967	113	6.0%	112	5.7%
TELECOM	352	-19.0%	436	48	13.6%	80	18.4%
Total Group	2,587	-5.4%	2,771	197	7.6%	231	8.3%

Bridge Consolidation Sales | Euro Millions

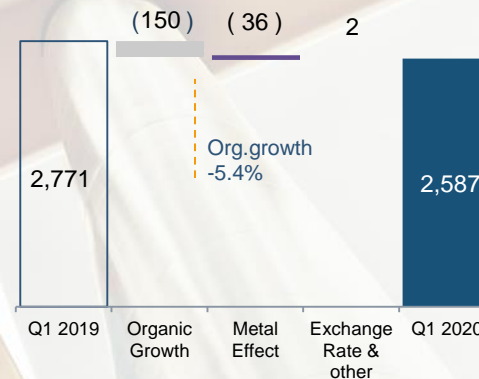
Projects



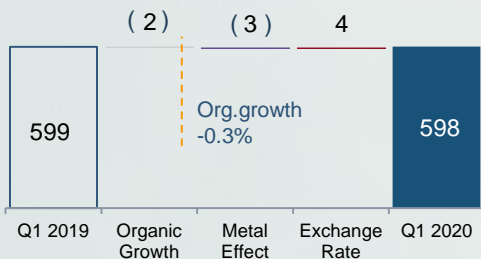
Energy & Infrastructure



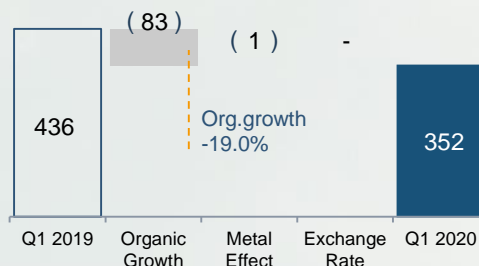
Total Consolidated



Industrial & Network Comp.



Telecom



Notes

- (1) Adjusted excluding restructuring, non-operating income/expenses and non-recurring income / expenses;
- (2) Defined as NWC excluding derivatives; % on annualized last quarter sales;
- (3) The Q1 2019 figures have been restated due to definition of the purchase price allocation for General Cable, conducted in accordance with the procedures and timing established by IFRS 3 - Business Combinations;

Disclaimer

- The managers responsible for preparing the company's financial reports, A.Brunetti and C.Soprano, declare, pursuant to paragraph 2 of Article 154-bis of the Consolidated Financial Act, that the accounting information contained in this presentation corresponds to the results documented in the books, accounting and other records of the company.
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